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BELARUSIAN NATIONAL IS SENTENCED TO 41 MONTHS IN PRISON FOR PARTICIPATING IN INTERNATIONAL ONLINE SCHEME TO STEAL U.S. TAX REFUNDS

WASHINGTON – A Belarusian national and resident of Nantucket, Mass., was sentenced today in federal court to 41 months in prison for his participation in an international online scheme to steal income tax refunds from U.S. taxpayers around the country, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division, U.S. Attorney Carmen M. Ortiz of the District of Massachusetts and Special Agent in Charge William P. Offord of the Internal Revenue Service-Criminal Investigation (IRS-CI).

Mikalai Mardakhayeu, 31, was sentenced by U.S. District Court Judge George A. O'Toole Jr. in the District of Massachusetts. Mardakhayeu pleaded guilty in January 2011 to one count of conspiracy and nine counts of wire fraud. Judge O'Toole also sentenced Mardakhayeu to two years of supervised release and ordered him to pay $209,000 in restitution.

According to court documents and information presented at the change of plea hearing, from 2006 through 2007, Mardakhayeu's co-conspirators lured victims by operating websites that falsely claimed to be authorized by the IRS to offer lower-income taxpayers free online tax return preparation and electronic tax return filing (e-filing). After taxpayers input and uploaded their tax information, co-conspirators in Belarus collected the data and altered the returns to increase the refund amounts and to direct the refunds to U.S. bank accounts controlled by Mardakhayeu. They then caused the fraudulently altered returns to be e-filed with the IRS. The conspirators ultimately caused the U.S. Treasury and various state treasury departments to deposit more than $200,000 in stolen refunds into bank accounts controlled by Mardakhayeu.

The case was investigated by the IRS-Criminal Investigation and the Treasury Inspector General for Tax Administration. The case was prosecuted by Trial Attorney Mona Sedky of the Criminal Division's Computer Crime and Intellectual Property Section and Assistant U.S. Attorney Adam Bookbinder of the District of Massachusetts's Computer Crimes Unit.

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